



# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Review of CDBG/HOME Program Funding that has been allocated to LOEL Foundation

**MEETING DATE:** February 15, 2006

**PREPARED BY** Community Improvement Manager

**RECOMMENDED ACTION:** That the City Council receives a report from the Community Development Department regarding CDBG/HOME Program funding that has been allocated to the LOEL Foundation.

**BACKGROUND INFORMATION:** What follows is a summary of the CDBG/HOME Program funding activities that have taken place over the past ten years, pertaining to the LOEL Foundation.

## Previous Funding Allocations

1996 – LOEL Foundation Building Rehab	\$ 45,000 – <i>Reallocated to 7998</i>
1997 – LOEL Foundation	\$ 60,000 – <i>Reallocated to 1998</i>
1998 – LOEL Foundation – Building Rehab Project	\$105,000 – <i>Completed</i>
1999 – LOEL Foundation – Interior/Exterior Renovation	\$ 75,000 – <i>Completed</i>
2000 – LOEL Foundation – Sidewalk/Streetscape Project	\$ 40,000 – <i>Completed</i>
2000 – LOEL Senior Center Program	\$ 10,000 – <i>Deemed Ineligible-Reallocated to 2005</i>
2002 – LOEL Foundation – Parking Lot Project	\$ 72,199 – <i>Completed</i>
2003 – LOEL Foundation – Minor Interior Rehab	\$ 22,908 – <i>Not yet started</i>
2004 – LOEL Senior Housing – Buy-down 301 E. Oak	\$202,681 ( <i>HOME Funds</i> ) – <i>Completed</i>
2004 – LOEL Senior Housing – Buy-down 301 E. Oak	\$100,109 ( <i>CDBG Funds</i> ) – <i>Completed</i>
2005 – LOEL Senior Housing – Acquisition 301 E. Oak	\$128,319 – <i>Not Yet Completed</i>
2005 – LOEL Senior Housing – Buy-down 303 E. Oak	\$161,609 – <i>Not Yet Completed</i>

## Requested

2006 – LOEL Senior Housing – Acquisition 303 E. Oak	\$278,391
2006 – LOEL Senior Housing – Acquisition 331-33 E. Oak	\$330,000

Of those allocations listed above, only the following funding allocations are outstanding:

2003 – LOEL Senior Center Rehab	\$ 22,908
2005 – LOEL Senior Housing – Acquisition 301 E. Oak	\$128,319
2005 – LOEL Senior Housing – Acquisition 303 E. Oak	\$161,609

APPROVED: \_\_\_\_\_

Blair King, City Manager

Regarding the 2003 Rehab Project, we will need to walk the LOEL Foundation through the process of soliciting bids/quotes, providing Davis-Bacon Labor Standards through the project specifications, getting the required documentation from contractors before and throughout the duration of the project. The LOEL Foundation does not have a Project Manager as most other City and larger projects do, so the responsibility to ensure compliance with Federal regulations falls to Community improvement staff. The funding would be released to LOEL as a reimbursement for their payment to the contractor on the project. In Staffs contact with the LOEL Foundation administrators, it was understood that the reimbursement for acquisition costs for the 301 & 303 E. Oak Street properties was a priority, as they were incurring additional costs until the reimbursement was complete, so Staff advised that they would handle that first and then follow up with the 2003 Rehab Project. LOEL Administration acknowledged this priority.

Regarding the 2005 allocations for acquisition, the County has called into question certain aspects of the acquisition of these properties and will not process further reimbursement requests until these issues are resolved. The County's questions relate to:


- How is Farmers & Merchants Bank (FMB) determining the fair market value of the property to be purchased; appraisal?
- What instrument is used by FMB to secure the "buy-down" portion of funds received from LOEL for the 301 and 303 E. Oak Street properties?
- Is the property at 303 E. Oak Street vacant? If there are tenants, are they going to be displaced after acquisition?

These questions raise concerns about potential relocation **costs** that would be due to residents of not just the 303 E. Oak Street units, but also the 301 E. Oak Street units that were also funded by CDBG HOME funds. There was an issue with an eviction at the 301 E. Oak Street property this past year which shed some light on the possibility that relocation costs may be due to at least one resident there. These issues, which affect the previous allocations and the requests for funding currently under review, came to the surface during the week of January 30<sup>th</sup>. Staff met with the County on Thursday, February 2<sup>nd</sup>, in an attempt to resolve these issues. At the completion of that meeting, it was agreed that the County will need to meet with representatives from F&M Bank and the LOEL Foundation.

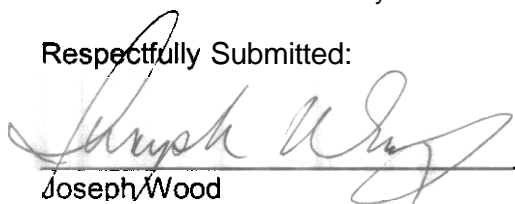
As of the date that this Council Communication is being prepared, a meeting between the parties has been set for Friday, February 10<sup>th</sup>. The purpose of that meeting is not only to resolve these issues brought up by the County, but also to arrange to have LOEL and F&M submit directly to the County, to expedite the reimbursement of their 2005 funding. This will then allow **our** Staff to focus attention on getting LOEL's 2003 Rehab Project underway.

**FISCAL IMPACT:** None.

**FUNDING AVAILABLE:** CDBG HOME Program Funding

  
Ruby Pais Interim Finance Director

Respectfully Submitted:

  
Joseph Wood  
Community Improvement Manager

Concurred

  
Randy Hatch  
Community Development Director